

Ensuring Sustainable Water Service: Full Cost Pricing in NE Illinois

Presented to:
CMAP Environment and Natural Resources Committee
May 2, 2012

Presented by
Margaret Schneemann, Water Resource Economist



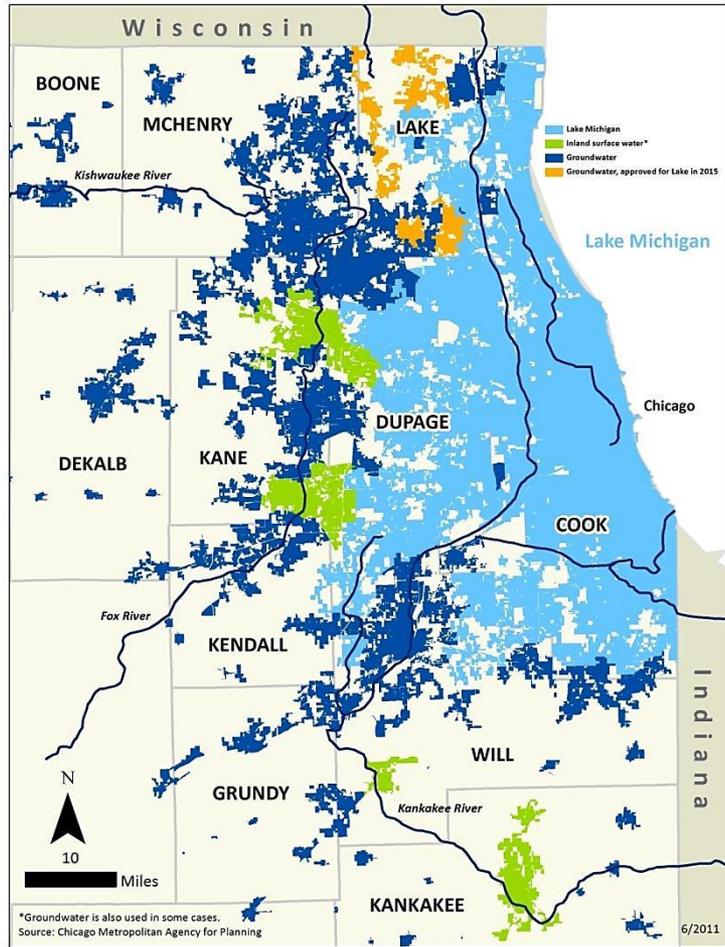
UNIVERSITY OF ILLINOIS
EXTENSION

Sea Grant
ILLINOIS - INDIANA

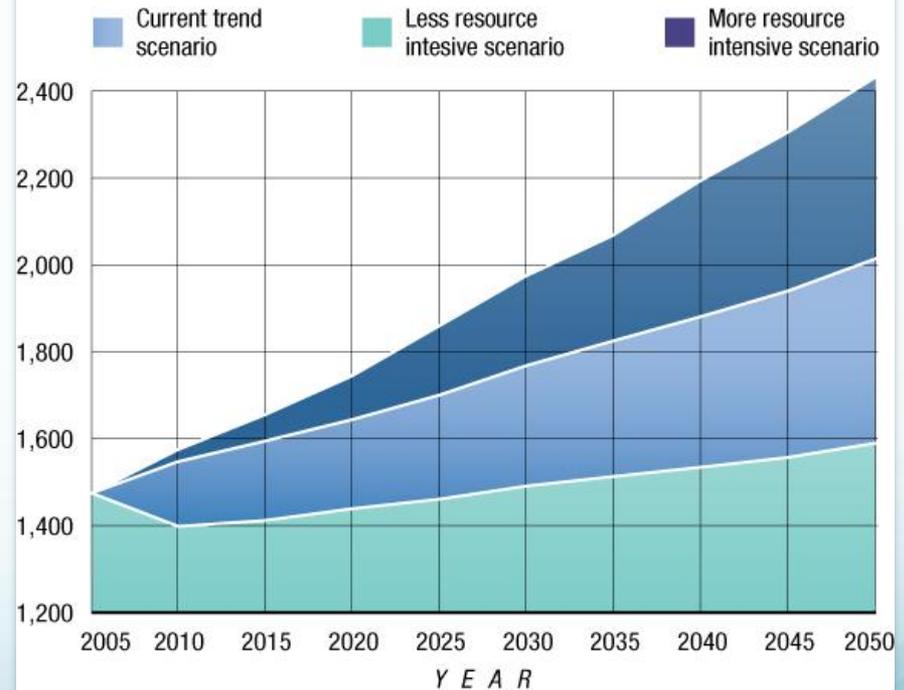


Chicago Metropolitan
Agency for Planning

Importance of Demand Management in the NE IL Region

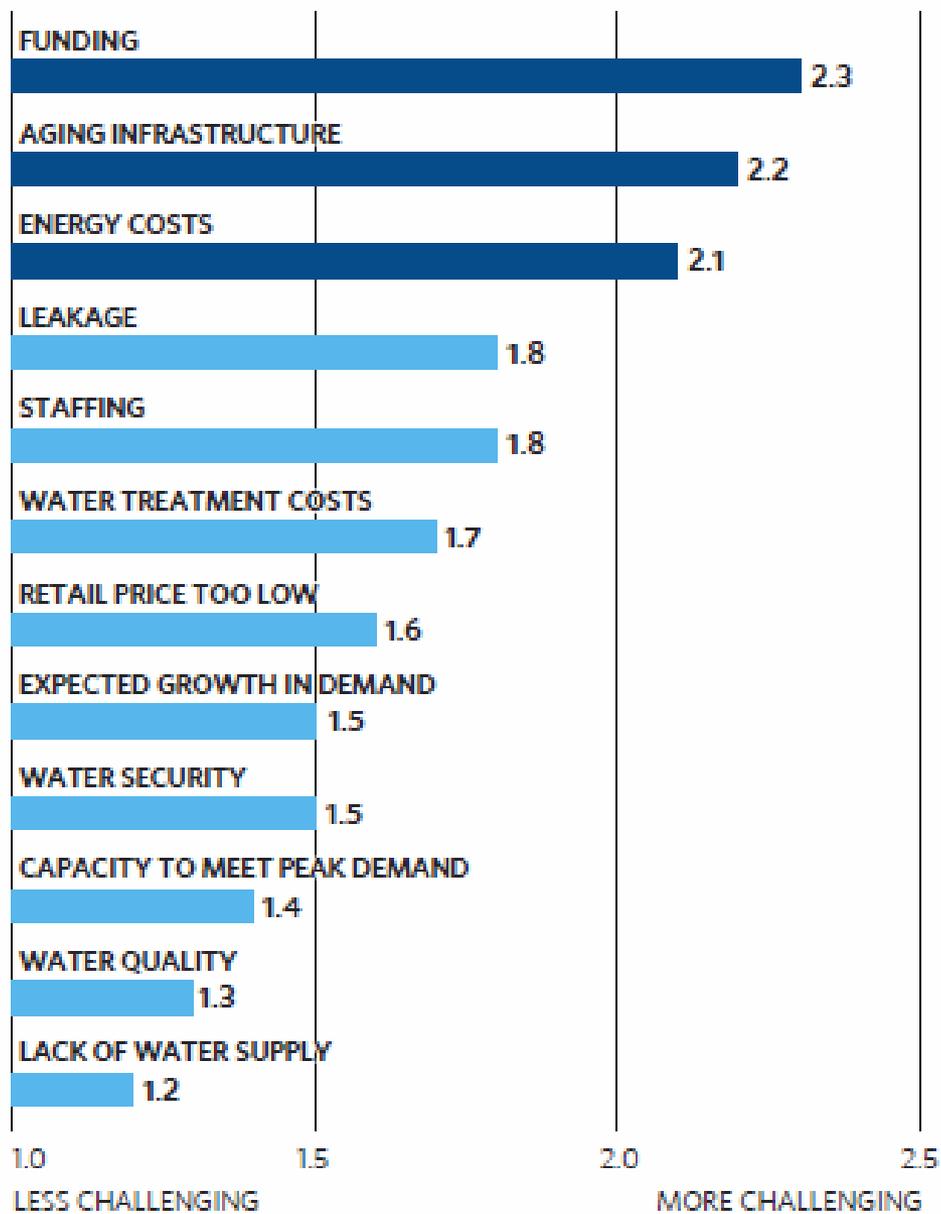


Scenario water withdrawals: 2005 - 2050, in million gallons per day



Source: B. Dziegielewski and F.J. Chowdhury, 2008, Southern Illinois University Carbondale

Figure 1. Northeastern Illinois utility challenge ratings



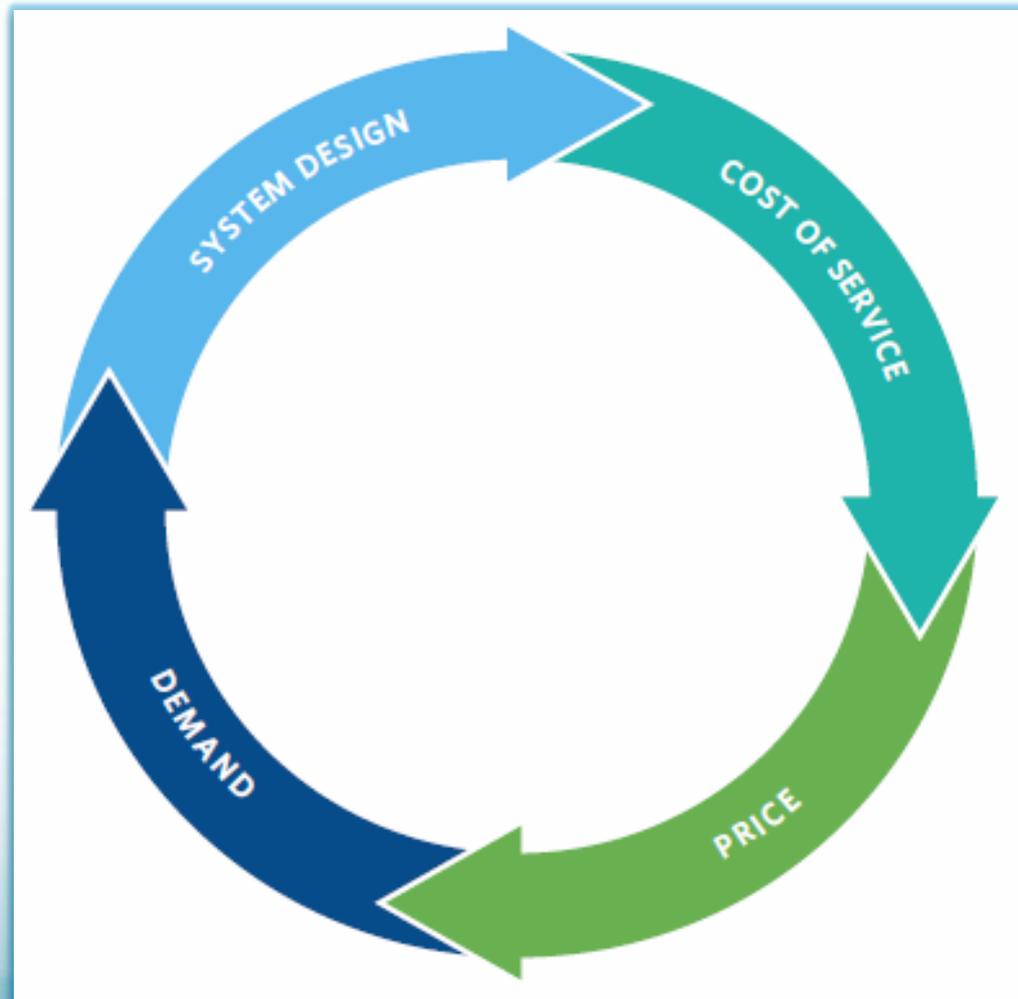
Source: CMAP utility survey, 2008.

Water Infrastructure

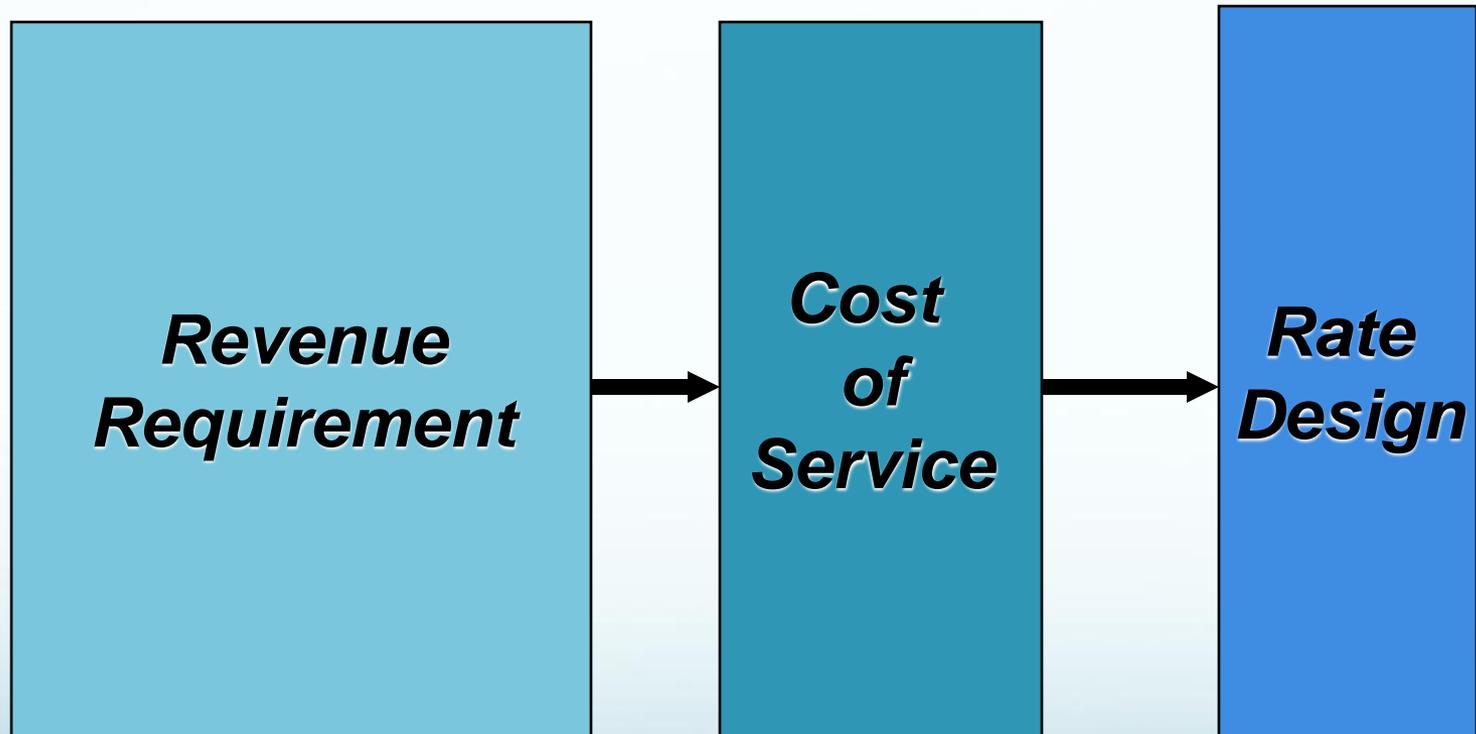
- Illinois water infrastructure = D-plus.
- Cost of addressing over \$21.5 billion.
- High costs on communities
- Economic conditions



Why Pricing?



Cost of Service Rate Setting Overview

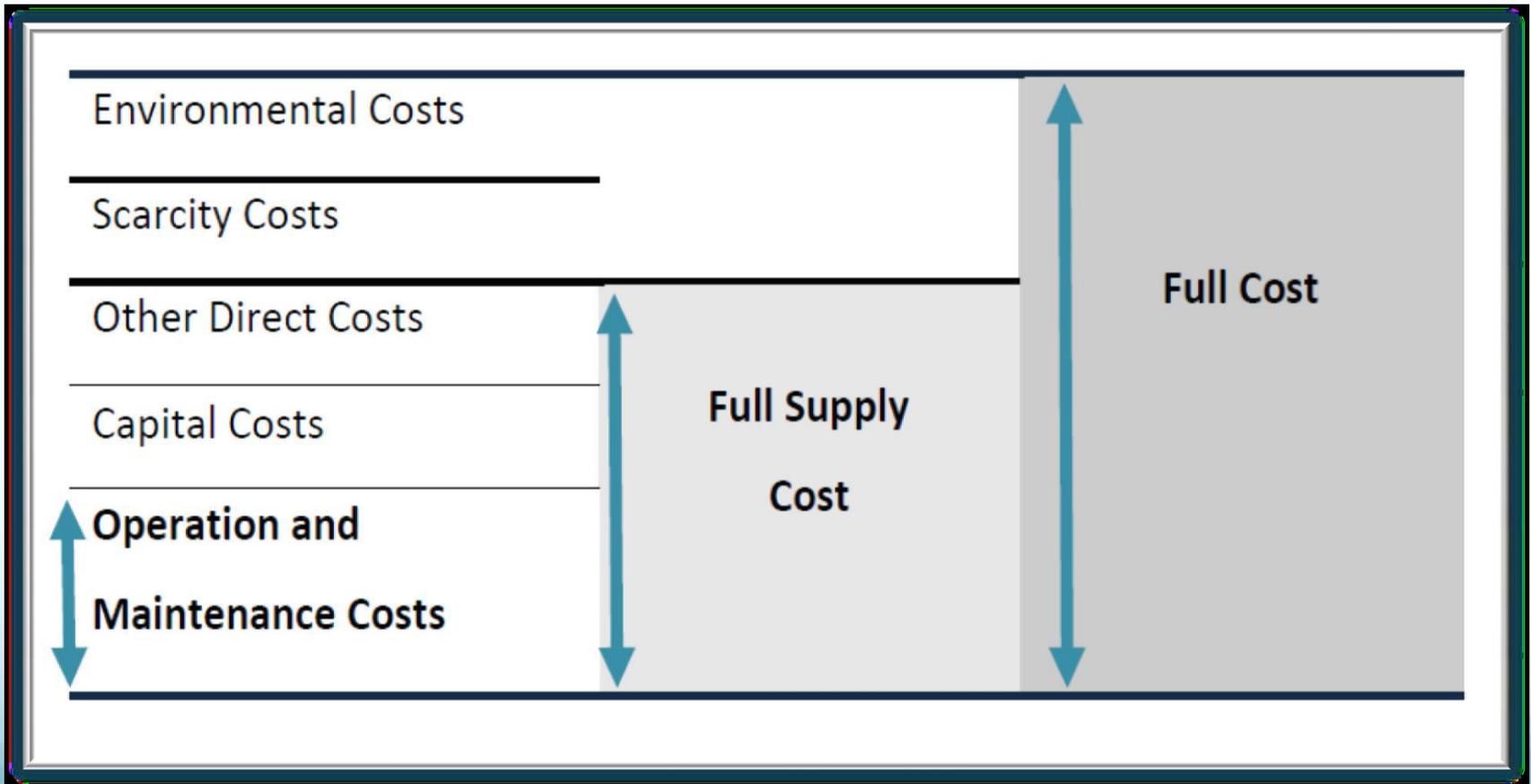


Full cost pricing definition

“implies that **all private and social costs** associated with a product or activity (and determined using full cost accounting) are included in the price of an activity”

See Conway-Schempf, PhD. *Full Cost Accounting* http://gdi.ce.cmu.edu/gd/education/FCA_Module_98.pdf

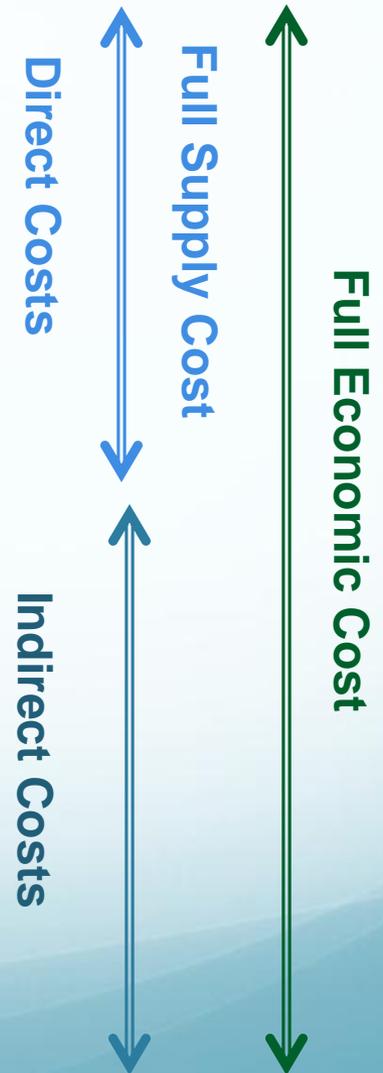
Full Economic Cost Pricing



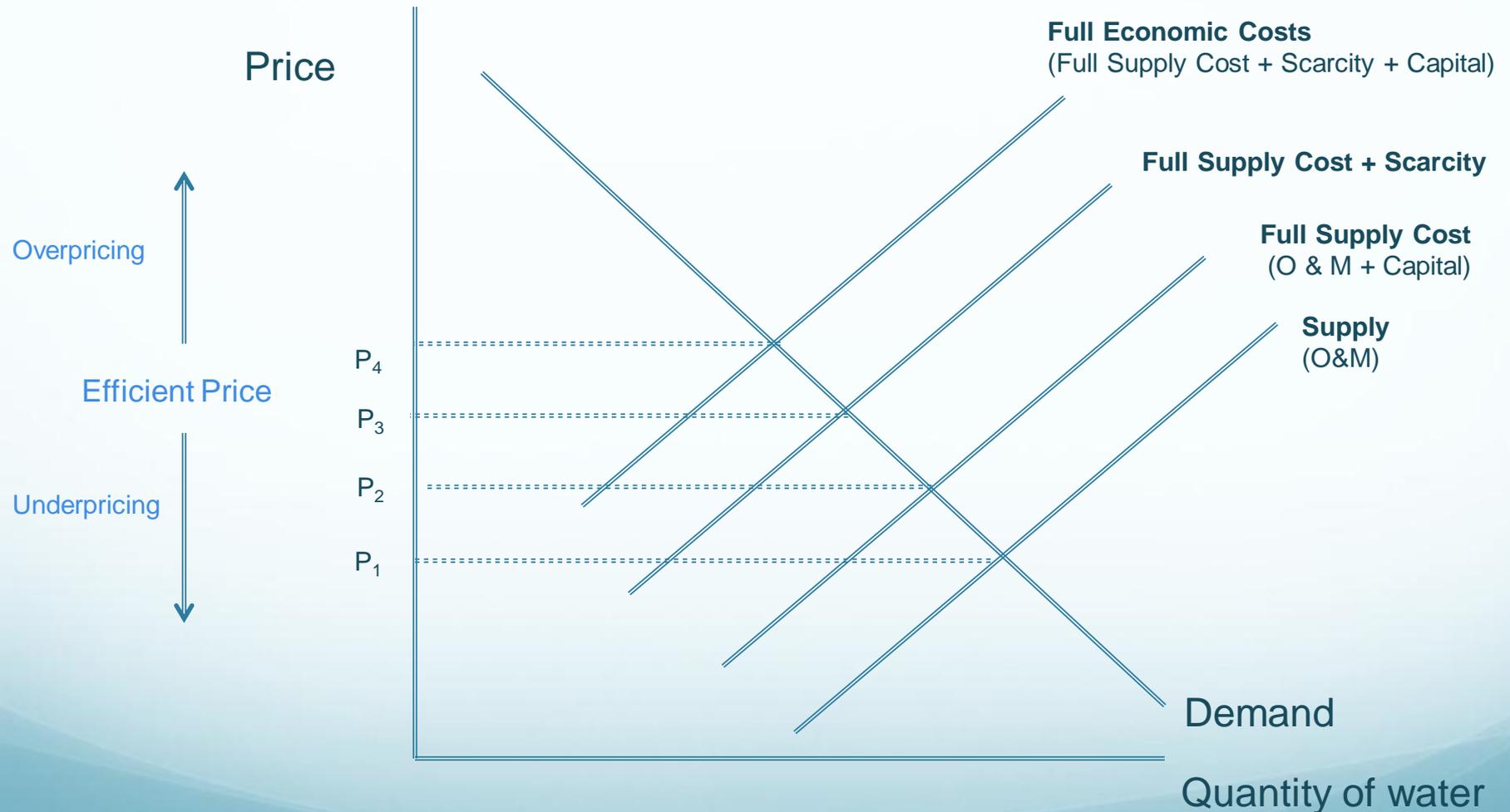
Adapted from Rogers et al 1997

An Analogy: Full Cost of Driving

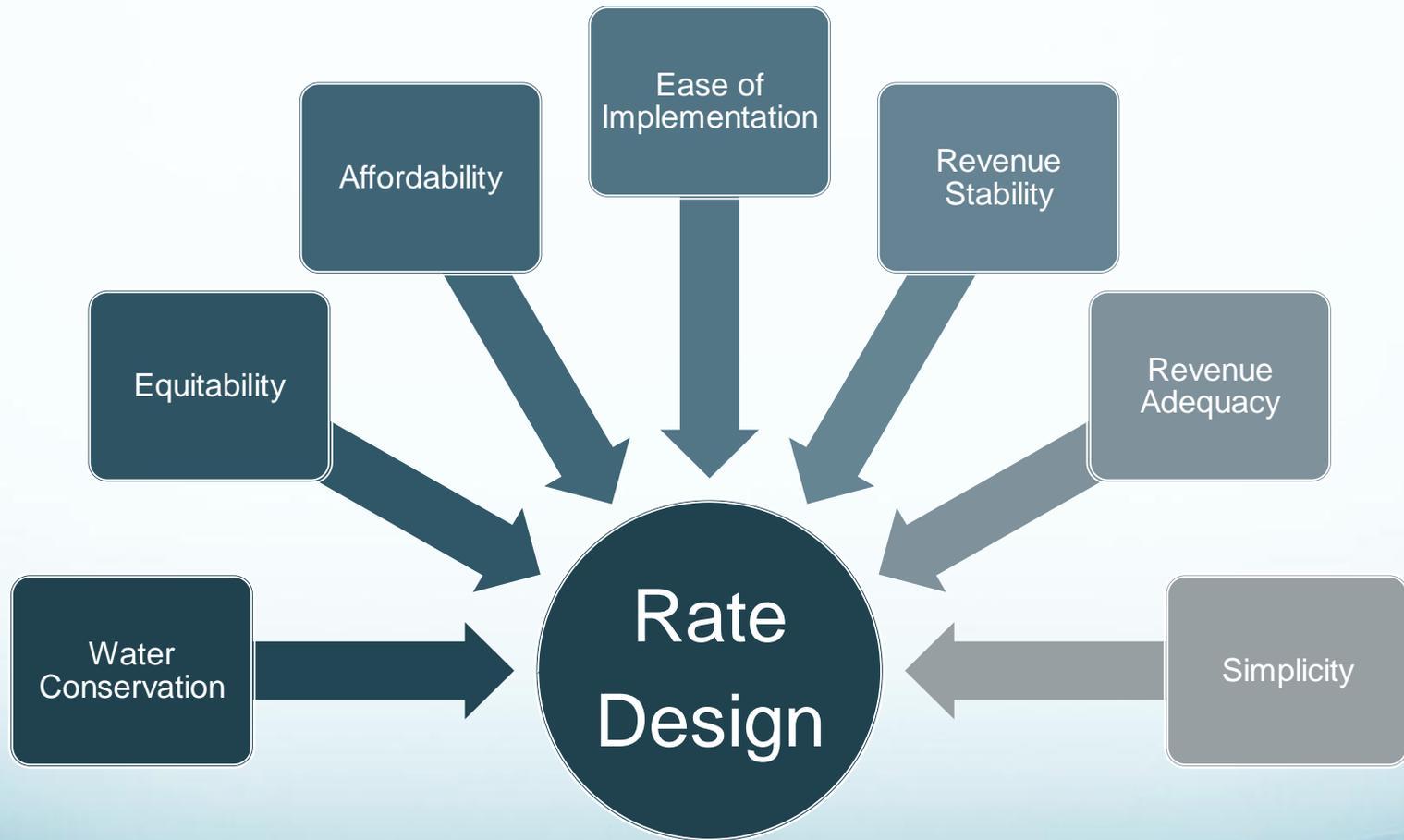
- Gas
- Maintenance
- Operation
- Financing
- Road Construction and Maintenance
- Traffic Congestion
- Emissions
- Health Impacts
- More...



Pricing and Efficiency, Theory



Rate Design in Practice: Art, Politics, Science



Full Cost Pricing Committee Program Recommendations

Voluntary implementation

- Outreach to local elected officials, public crucial!

Address foundational issues first

- Project development, Sustainable infrastructure planning, financial planning.

Focus on Full Supply Cost Implementation

- Scarcity Cost education for groundwater-dependent communities

Program Strategy

“How to do it”

Training
Workshops

Technical
Assistance

“Why to Do It”

Decision Makers &
Local Elected
Officials

Public &
Ratepayers



PROJECT DEVELOPMENT & SUSTAINABLE INFRASTRUCTURE PLANNING:

Getting your Project to Flow Smoothly

The availability of water and sewer services is a major factor in determining the community's outlook for future economic development. The future growth and sustainability of the community is dependent upon your ability to plan, design, and construct needed infrastructure.

This Sustainable Infrastructure Training will assist communities in identifying actions that can be taken as next steps in fosters and promotes sustainability. These include Water Conservation, Effective Project Development, Energy Efficiency & Asset Management.

Decisions made today will impact your children, grandchildren, and great grandchildren. With increasing demands and the shrinking pool of resources getting the best bang for your project buck is more important than ever. Technical assistance specialists will be on hand to provide follow-up assistance.

Up to 10.0 Illinois EPA Approved Operator Certification Training Hours

Presented by



Chicago Metropolitan Agency for Planning



UNIVERSITY OF ILLINOIS EXTENSION



DAY 1: PROJECT DEVELOPMENT

**Monday, June 18, 2012
8:30 a.m. to 3:00 p.m.**

DAY 2: SUSTAINABLE INFRASTRUCTURE

**Tuesday June 19, 2012
8:30 a.m. to 3:00 p.m.**

Registration begins at 8:00 a.m.

**McHenry County Government
Administration Building
Conference Room A
2200 N. Seminary Ave.
Woodstock, IL 60098**

Continental breakfast, lunch, and free parking provided.

**COST: \$25 for full two-day workshop
\$15 for one-day workshop**

MAP & DIRECTIONS:

The event will be held in the upper level of the McHenry County Administration Building located across the street from the McHenry County Courthouse on Ware Road. View the map at <http://www.co.mchenry.il.us/departments/gis/Documents/GIS%20location.pdf>.

Visit www.mchenryh2o.com for registration. For more information, email plandev@co.mchenry.il.us or call (815) 334-4560.



Chicago Metropolitan Agency for Planning



SUSTAINABLE WATER FINANCING

Sustainable water financing

Achieving water efficiency, sustaining infrastructure investment, and reaching environmental protection goals requires adequate financing. At the end of the day, communities must address the question of how to pay for continued reliable and safe water services. Many communities are facing a backlog of needed infrastructure repair and replacement costs to their water and wastewater systems, and are uncertain how they will finance these costs. Other communities are interested in pursuing water conservation, but are wary of the resulting impacts on revenues and water bills. Added to increasing concerns over water quality and increasing extreme weather events, the reality is that innovative and financially sustainable methods for funding water services, water efficiency programs, and environmental protection are required.

CMAP, in partnership with IISG is developing a series of education, outreach, and training initiatives to help communities develop and implement sustainable water services financing programs.

Full Cost Pricing. Frames the full cost pricing issue for northeastern Illinois. Download a powerpoint overview of the issue and a white paper below.

- [Full Cost Pricing in Illinois White Paper](#) [coming soon]

Water Rates and Rate Structures in Northeast Illinois. A survey and evaluation of residential rate structures in the Northeast Illinois region. Download the power point presentation below.

- [Water Rates and Rate Structures in Northeast Illinois](#)

The Economics of Water. Provides information on water resource economics to agencies, water resource managers, current and future planners on water economics issues for improved decision making.

- [Economic Value of Regional Water Supply Planning](#)
- [Economic Analysis and Implementing Water2050](#)
- [The Value of Water: Economics, Environment and Ethics](#)
- [Economic Issues of Water Planning & Economics](#) [coming soon]
- [Sustaining the Triple Bottom Line](#)

Conservation Pricing in Northeastern Illinois An examination of conservation pricing and related policies that make systems more resilient and manage climate and aging infrastructure risks.

- [Conservation Rates](#) [Conservation Pricing Fact Sheet coming soon]
- [Reducing Water Supply Vulnerability in the Chicago Metro Area](#)
- [Water Pricing for Climate Change](#)

Resources

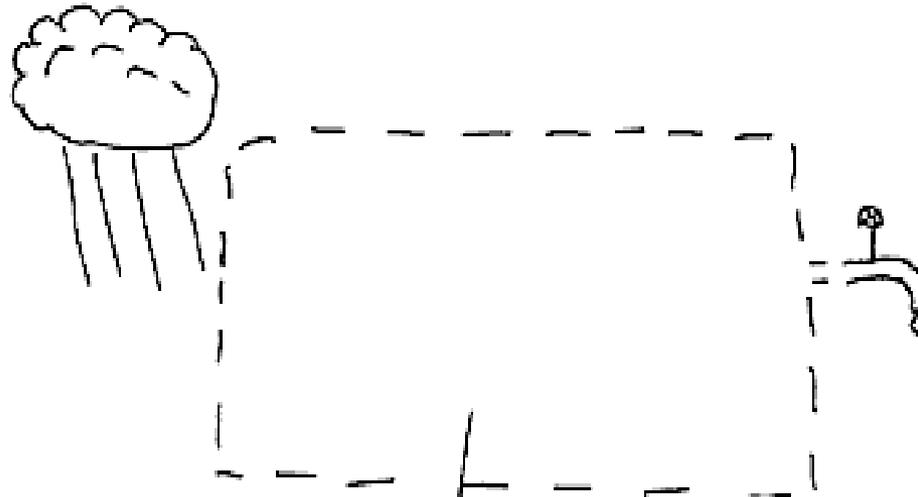
Programs

- Water Conservation and Efficiency Planning
- Ordinance Review and Updates
- Water Financing
 - Training
 - Public Outreach and Education
- Sustainable Water Financing**
- Lawn To Lake



Two Great States
Caring for One Great Lake

HOW WE GET WATER IN OUR HOMES



I DON'T
HAVE ANY
INFORMATION
ON THIS BIT

CartoonChurch.com

Ensuring Sustainable Water Service: Full Cost Pricing in NE Illinois

Questions?

MSchneemann@cmap.illinois.gov

312.676.7456



UNIVERSITY OF ILLINOIS
EXTENSION

Sea Grant
ILLINOIS - INDIANA



Chicago Metropolitan
Agency for Planning

